

• STATE OF CALIFORNIA •

STRATEGIC PLAN

2000–2003



Department of Housing and Community Development

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STRATEGIC PLAN 2000-2003

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Dear Friends:

The next three years present a unique opportunity for California to begin to effectively address the structural housing supply shortage that is driving the State's housing affordability crisis. Over the next decade, California is expected to lead the nation in job, population and income growth. The State's current strong economy has brought prosperity to millions of residents and their communities. There is increasing recognition that housing plays a critical role in the State's economic strength and vitality and that an adequate and diverse *supply* of safe and affordable housing is the foundation for strong and vibrant communities.

To ensure that lack of housing for California's work force does not derail our economic prosperity, the Davis Administration has proposed the largest augmentation for State housing programs of any administration before it. In partnership with the Legislature, the Administration has crafted innovative programs to get to the root causes of housing underproduction. Funds have also been allocated to the Department for proven, successful programs to develop and preserve housing and improve the health and safety of its residents.

The Department of Housing and Community Development's Strategic Plan for 2000-2003 includes goals, objectives and tasks designed to capture this opportunity to further public awareness of housing issues and establish housing as an ongoing state priority. Implementation of our plan and programs will also facilitate private sector response and promote State and local public-private partnerships to produce and preserve housing.

As directed by Governor Davis, the Department will continue our commitment to involve customers and stakeholders as we design programs and improve services. Together, we can increase the supply of safe, affordable ownership and rental housing vital to building and sustaining the livable communities all California residents deserve.

Sincerely,

Julie Bornstein
Director

Department of Housing and Community Development



Mission

Provide leadership, policies and programs to preserve and expand safe and affordable housing opportunities and promote strong communities for all Californians

Vision

Recognizing that housing is a basic element of a just and successful society, HCD will provide leadership towards achieving vibrant communities with quality, adequate housing for all Californians

SHARED VALUES/CORE PRINCIPLES

The Department and its staff will be guided by the following shared values and core principles in carrying out its Mission:

Employees are our greatest asset

Customer satisfaction can only be achieved through the dedicated commitment of all employees to the accomplishment of the department's mission. Every job, and the individual performing that job, is a vital component of the organization and each employee is highly valued as a professional and as a person. All supervisors and managers will support, educate, mentor, and provide every opportunity to gain satisfaction from a job well done. In short, we will all treat one another with the respect we each deserve as a valued and mission critical member of the organization.

Diversity is strength

California is an extraordinarily diverse state bringing together a vast pool of experiences, perspectives, and talents. The achievement of our mission and goals is best accomplished by having a workforce that reflects and represents this extraordinary diversity.

All work is done with honesty, integrity, and personal responsibility

Because we respect and value each other we will be models of the professionalism and responsibility we expect from others. We will do our best at all times and strive to do the right thing.

Work as one team to accomplish the Department's mission and goals

Working together as a team, close coordination among units and divisions, will enable us to accomplish our goals and achieve success.

Continuously improve

We must always and continuously strive to find new and better ways to meet our customer's needs. Because technology and the economy are constantly changing, provided with information and resources, the creative energies of our employees can, and will, find ever more inventive and efficient ways to better serve our customers and to further our mission.

WHAT HCD DOES

The Department of Housing and Community Development (HCD) is the State of California's principal housing agency. It performs four primary functions:

- **Advocating and supporting housing development for all Californians.** HCD assists cities and counties to prepare and implement the housing element portions of their General Plans. HCD also develops the periodic Statewide Housing Plan, monitors the use by local redevelopment agencies of their 20% housing set-aside funds, and provides technical assistance and statistical data to the Governor, Legislature, and general public.
- **Developing, administering and enforcing building codes, manufactured housing standards, and mobilehome park regulations.** HCD works with industry and other government agencies to develop national model building codes for conventional and manufactured housing, and incorporates them into California's building standards, to ensure the health and safety of California residents. HCD also protects California consumers by registering and titling mobilehomes, overseeing manufactured housing construction, licensing manufactured housing sales professionals, and regulating mobilehome parks.
- **Administering State and federal housing and community development finance programs:**

The department administers a variety of loan and grant programs for housing and community development. Loans and grants to local governments and private non profit and for profit housing developers leverage additional local public and private resources to increase California's housing supply and build communities. Brief descriptions of these programs are included in the appendix.

- **Compiling and disseminating critical information on housing, planning, financing, and community and economic development issues.** HCD's Housing Resource Center acquires and distributes information from within and outside HCD to local governments, other State agencies and officials, developers, nonprofit organizations and the public. The Center maintains a library of books, reports, journals, newsletters and HCD publications on housing, redevelopment, homeownership, the economy and other subjects. A professional librarian and the Housing Policy Development staff provide research assistance.

HCD also supports a growing website, at www.housing.ca.gov/, that carries information and application materials for the funding programs described above, and supports an automated Clearinghouse for Affordable Housing and Community Development Finance, at www.housing.ca.gov/clearinghouse/, that lists over 200 federal, state and private sources of housing assistance, by type and geographical availability. The Department also publishes a periodic newsletter, *California Neighborhoods*, and periodic press releases.

INTERNAL/EXTERNAL ASSESSMENT

In assessing the key external data that will influence the Department's success in carrying out its mission during the next several years, the strategic planning team was guided by the housing condition and needs data contained in its recent publications *California's Housing Markets 1990-1997* and *Raising the Roof - California Housing Development Projections and Constraints 1997-2020*. A summary of this information is contained in the Appendix.

Each working unit and division within HCD also performed an internal and external assessment of its operating environment. These efforts included customer surveys and focus groups to determine customer satisfaction, needs and suggestions for improvement. The information gathered by the divisions was provided to the executive strategic planning team. Finally, the strategic planning team analyzed the strengths weaknesses, opportunities and threats from both an external and organizational standpoint and identified the strategic issues and challenges the plan would seek to address.

Analysis Summary

STRENGTHS

1. Long-term experienced management and highly skilled employees
2. Increased recognition of Department's leadership and expertise in the housing field
3. Dedicated, knowledgeable staff, loyal to the mission
4. Management commitment to staff development
5. Progressive, customer-focused management

WEAKNESSES

1. Aging workforce and no succession plan
2. State classification structure impedes recruitment
3. Limited Management Information Systems
4. Key vacancies

OPPORTUNITIES

1. Legislative and business interest in housing
2. Growth in State revenues
3. Public interest in housing
4. Strong Administration support for housing and the department

THREATS

1. Lack of housing supply and high housing costs threaten economic growth
2. Substandard housing
3. Conversion of federally assisted affordable housing to market rate
4. NIMBY (Not in my back yard) resistance to housing at project and planning level
5. Local anti-growth sentiment and other housing barriers
6. Difficulty in competing for qualified staff
7. Workforce turnover

Strategic Issues to be Addressed

1. Housing supply and affordability crisis.
2. Housing preservation and increasing substandard housing.
3. Recruitment, retention and development of a qualified, diverse department workforce.
4. Responsiveness to increased political demands/focus on housing issues.
5. Polarization/apathy of public on housing issues.
6. Harness and expand existing interest in housing to make housing an ongoing state priority.
7. Effective management of program expansion and increased resources.
8. Improve management information systems.
9. Establishing measures for success and identifying areas for improvement.



SUMMARY OF GOALS

Goal One

Provide leadership and promote housing and community development as an ongoing state priority

Goal Two

Increase the supply of housing, especially affordable housing

Goal Three

Conserve and improve the State's housing conditions and the health and safety of its residents

Goal Four

Ensure a highly skilled workforce and become a destination agency for housing professionals

Goal Five

Become a model for customer service

HCD Strategic Plan

Goals, Objectives, Performance Measures, Targets and Resource Assumptions

Goal #1: *Provide leadership and promote housing and community development as an ongoing State priority.*

Objective 1.1: Change State and Federal laws to better promote housing and community development.

Action Plan:

1. Establish a position for tracking, coordinating and influencing federal legislation.
2. Develop innovative, proactive legislative proposals.
3. Participate with interest groups and legislators in developing language.

Performance Measure 1.1a: The ratio of successful positions to total positions taken on State bills that are signed into law.

2000/2001 Target Establish baseline	2001/2002 Target To be determined	2002/2003 Target To be determined
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Performance Measure 1.1b: The ratio of successful positions to total positions taken on federal regulations that are promulgated.

2000/2001 Target Establish baseline	2001/2002 Target To be determined by baseline data	2002/2003 Target To be determined by baseline data
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Resource Assumptions: Additional staff resources required to improve capacity to track and influence federal regulations.

Objective 1.2: Forge partnerships among housing and community development stakeholders.

Action Plan: Participate with stakeholders in promoting housing and community development issues through conferences, forums and joint research projects.

Performance Measure 1.2a: Number of co-sponsored conferences or public presentations.

2000/2001 Target 5 percent	2001/2002 Target 10 percent	2002/2003 Target 10 percent
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Performance Measure 1.2b: Percent of jurisdictions in housing element compliance in current cycle versus prior cycle.

2000/2001 Target 5 percent	2001/2002 Target To be determined by baseline data	2002/2003 Target To be determined by baseline data
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Resource Assumptions: Assumes increase of three positions for housing element outreach beginning in 2000/2001.

Objective 1.3: Develop and implement a public information and marketing strategy to alter public perceptions and promote the benefits of housing and community.

Action Plan:

1. Develop marketing objectives.
2. Deliver focused messages to target audiences/groups, including the media, HCD stakeholders and the general public.
3. Develop collateral materials to promote marketing objectives.

Performance Measure 1.3a: Increase in the number of press calls.

2000/2001 Target 5 percent	2001/2002 Target 10 percent	2002/2003 Target To be determined based on previous year's performance
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Performance Measure 1.3b: Increase number of building permits issued statewide.

2001 Target 10% Increase	2002 Target To be determined based on previous year's performance	2003 Target To be determined based on previous year's performance
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Performance Measure 1.3c: Ratio of applications per award.

2000/2001 Target 5 percent increase	2001/2002 Target 5 percent increase	2002/2003 Target 10 percent increase
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Performance Measure 1.3d: Number of times HCD is invited to speak to nonhousing groups.

2000/2001 Target Establish baseline	2001/2002 Target 5 percent increase	2002/2003 Target 10 percent increase
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Resource Assumptions: Additional staff resources required to improve quality and appearance of departmental marketing materials and publications.

Objective 1.4: Develop Management Information Systems to improve decision making and measure success.

Action Plan: Establish and improve systems for capturing, analyzing and reporting information; emphasizing on-line opportunities as appropriate.

Performance Measure 1.4a: Number of employee hours spent to obtain necessary information.		
2000/2001 Target Establish baseline	2001/2002 Target To be determined by baseline Data	2002/2003 Target To be determined by baseline data
Performance Measure 1.4b: Number of Department level performance measures for which we could collect data.		
2000/2001 Target Establish baseline	2001/2002 Target To be determined by baseline data	2002/2003 Target To be determined by baseline data
Performance Measure 1.4c: Number of Management Information System improvements implemented.		
2000/2001 Target Establish baseline	2001/2002 Target To be determined by baseline data	2002/2003 Target To be determined by baseline data
Performance Measure 1.4d: Management ratings by survey of the availability, timeliness and quality of management's information system.		
2000/2001 Target Design survey	2001/2002 Target Collect baseline data	2002/2003 Target To be determined based upon survey results
Resource Assumptions: Additional resources required in 2001/2002 for implementation of Division of Community Affairs Integrated Program and Financial Management Information System. Resource requirements for additional information systems being determined.		

Objective 1.5: Expand HCD's statewide presence.

Action Plan:

1. Analyze customer concentrations to determine need for additional office locations or the relocation of existing offices.
2. Determine the feasibility of combining field activities into regional office locations to minimize costs through shared facilities.
3. Monitor housing advocate groups for scheduled conferences and attend when appropriate.

Performance Measure 1.5a: Number of offices/location of staff statewide.

2000/2001 Target Analyze customer needs.	2001/2002 Target To be determined	2000/2001 Target To be determined
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Resource Assumptions: Augmentation of budget to provide additional personnel, locations, or relocations as determined appropriate.

Performance Measure 1.5b: Number of conferences attended or sponsored.

2000/2001 Target 5% increase	2001/2002 Target 10% increase	2002/2003 Target 10% increase
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Performance Measure 1.5c: How many times HCD is in the media.

2000/2001 Target Establish benchmark data	2001/2002 Target 5% increase	2002/2003 Target 10% increase
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Resource Assumptions: Resource requirements to be determined during 2000/2001.

Goal #2: Increase the supply of housing, especially affordable housing.

Objective 2.1: Maintain and expand resources for housing and community development.

Action Plan:

1. Support and pursue legislative and budget proposals for viable State housing programs.
2. Seek increased federal funding for effective housing programs.
3. Identify options for a permanent funding source for affordable housing.

Performance Measure 2.1a: Amount of money received in the Department's budget for housing (State and Federal).

2000/2001 Target \$711 million	2001/2002 Target To be determined	2002/2003 Target To be determined
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Performance Measure 2.1b: The number of housing units assisted with redevelopment housing funds.

2000/2001 Target To be determined	2001/2002 Target To be determined	2002/2003 Target To be determined
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Resource Assumptions

For 2000/2001 assumes a one-time increase of \$500 million. Increase targets for 2001/2002 to be developed through the annual budget/legislative proposal processes.

Objective 2.2: Develop systems, processes and staffing to effectively implement anticipated augmentations to HCD's programs.

Action Plan:

1. Establish target timelines for implementing augmentations.
2. Review, standardize and streamline legal documents.
3. Streamline hiring processes.
4. Establish space needs and acquire needed space, furniture and equipment.

Performance Measure 2.2a: Percent of programs operational within division target timelines.		
2000/2001 Target 95 percent operational	2001/2002 Target 95 percent operational	2002/2003 Target 95 percent operational
Performance Measure 2.2b: Percent of programs fully staffed within 90 days of funding approval.		
2000/2001 Target 80 percent	2001/2002 Target 90 percent	2002/2003 Target 90 percent
Performance Measure 2.2c: Percent of funded programs fully supported (e.g., space, equipment) within approved timelines.		
2000/2001 Target 80 percent	2001/2002 Target 90 percent	2002/2003 Target 90 percent
Resource Assumptions: The scope and intensity of these actions will depend on the scale of funding augmentations for HCD's loan and grant programs.		

Objective 2.3: Add or preserve housing units.		
Action Plan: <ol style="list-style-type: none"> 1. Set targets for projected production of units added or preserved and track projected production associated with loans and grants awarded. 2. Identify and resolve bottlenecks and weaknesses in loan and grant processing. 3. Amend regulations as needed. 4. Publish annual reports that include awards and projected production. 		
Performance Measure 2.3a: Number of units added.		
2000/2001 Target 12,300 units	2001/2002 Target 18,000 units	2002/2003 Target 7,000 units

Performance Measure 2.3b: Number of units preserved/rehabilitated.

2000/2001 Target
12,300 units

2001/2002 Target
18,000 units

2002/2003 Target
7,000 units

Resource Assumptions: Significant increases in annual totals for units added or preserved assume 1) \$500 million funding augmentation for HCD's housing loan and grant programs and \$50 million increase in base funding, and 2) substantial accomplishment of HCD Objective 2.2.



Goal #3: *Conserve and improve the State's housing conditions and the health and safety of its residents.*

Objective 3.1: Demonstrate the relationship between increased inspections and improved health and safety in housing.

Action Plan:

1. Capture statistics following the increased inspections in the Employee Housing Program.
2. Compare rate of corrected health and safety hazards to the rate corrected during the first 8-year cycle of the Mobilehome Park Maintenance Inspection Program.
3. Increase monitoring of Factory Built Housing Design and Quality Assurance Agencies to improve product reaching the building sites and reduce problems experienced by local building departments.

Performance Measure 3.1: Reduction of the number of violations per inspection.

2000/2001 Target	2001/2002 Target	2002/2003 Target
Establish systems and benchmark data.	5% reduction	10% reduction

Resource Assumptions: The Employee Housing Program augmented to provide personnel to perform the inspections following a 44% increase in workload created by local government surrender of enforcement responsibility. Continuing improvement in this program based on additional resources for employee housing effort in 2001-2002.

Objective 3.2: Improve local governments implementation of building codes and abatement of substandard housing.

Action Plan:

1. Provide local government with a Substandard Housing Abatement Handbook.
2. Conduct seminars on accessibility regulations adopted by HCD applicable to multifamily structures (apartments and condominiums).
3. Provide information to local government regarding new building, plumbing and mechanical codes adopted into the California Building Standards Code (Title 24).

Performance Measure 3.2a:

- a. Number of jurisdictions using the statutory abatement procedures.
- b. Number of jurisdictions enforcing accessibility requirements.

2000/2001 Target
Establish systems and
benchmark data.

2001/2002 Target
10% increase

2002/2003 Target
20% increase

Resource Assumptions: Assumes approval of three positions for code enforcement outreach in 2000/2001.

Objective 3.3: Reduce the number of assisted low-income housing units lost through conversions to market-rate rents.

Action Plan:

1. Issue RFP and execute contract for FY 2000/2001 Housing Preservation Program technical assistance services.
2. Issue NOFA and award \$1.5 million in FY 2000/2001 Urban Predevelopment loan funds. Track the number of subsidized rental projects converted to market rents, and the number of threatened projects preserved as affordable housing.

Performance Measure 3.3: Ratio of market-rent conversions to number of ownership transfers with extended affordability controls.

2000/2001 Target
Establish baseline

2001/2002 Target
Percentage to be determined
by baseline data

2002/2003 Target
Percentage to be determined
by baseline data

Resource Assumptions: Assumes continuation of existing resource levels for housing preservation. Outcomes will improve as funding increases for the Multifamily Housing Program.

Objective 3.4: Increase public awareness of health and safety hazards and strategies to eliminate them.

Action Plan:

1. Provide homeowner safety advisory notices in outgoing mailings.
2. Translate Mobilehome Parks Maintenance Inspection Program information booklets into Spanish.
3. Provide a notice for issuance at the completion of the manufactured home installation inspection that will advise new homeowners of the need for obtaining approvals and permits before performing construction. The notice should include information of the process for obtaining permits and information regarding a contractor's responsibility to obtain permits and inspections.

Performance Measure 3.4a: Ratio of Codes and Standards enforcement referrals to prosecutions.

2000/2001 Target Establish baseline	2001/2002 Target To be determined by baseline data	2002/2003 Target To be determined by baseline data
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Performance Measure 3.4b: Reduction in the number of violations per inspection.

2000/2001 Target Develop documents, establish systems and benchmark data.	2001/2002 Target 5% reduction	2002/2003 Target 10% reduction
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Resource Assumptions: Current staffing.



Goal #4: *Ensure a highly skilled workforce and become a destination agency for housing professionals.*

Objective 4.1: Recruit, develop and retain a diverse, skilled, motivated, and accountable workforce.

Action Plan:

1. Develop tracking mechanism to be used during hiring process to capture diversity of applicants and document results of recruitment efforts.
2. Research and develop innovative recruitment methods.
3. Analyze and adjust the classification structure to achieve better retention and assure a path of upward mobility.

Performance Measure 4.1a: Turnover rate.

2000/2001 Target Establish baseline	2001/2002 Target Percentage reduction to be determined by baseline data	2002/2003 Target Percentage reduction to be determined by baseline data
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Performance Measure 4.1b: The percent of employees receiving needed training, as identified in program-specific training plan.

2000/2001 Target Divisions develop core competencies/training plan	2001/2002 Target Establish baseline percentages	2002/2003 Target Percentage increase to be determined by baseline data
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Performance Measure 4.1c: The percentage of successful candidates in examinations.

2000/2001 Target Establish baseline	2001/2002 Target Percentage increase to be determined by baseline data	2002/2003 Target Percentage increase to be determined by baseline data
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Resource Assumptions: Additional staff resources required for completion of classification studies.

Objective 4.2: Enhance the health, safety, and well-being of our employees.

Action Plan:

1. Survey employees for what they want to enhance their health, safety and well-being.
2. Schedule brown bag lunches regarding health and safety topics.
3. Promote health related activities.
4. Continue to support the HCD Morale and Wellness Teams.

Performance Measure 4.2a: The percentage of employees with favorable job satisfaction as measured by HCD workplace environment survey ratings.

2000/2001 Target	2001/2002 Target	2002/2003 Target
Increase the number of employees who participate in the HCD workplace environment survey to 225.	Increase the number of employees who participate in the HCD workplace environment survey to 250.	Increase the number of employees who participate in the HCD workplace environment survey to 275.
Increase the percentage of employees who respond "Strong Yes" or "Yes" to the question of whether they would tell a friend HCD is a good place to work to 70%.	Increase the percentage to 75%.	Increase the percentage to 80%.
Increase the percentage of employees who respond "Strong Yes" or "Yes" to the question of whether on most days they are happy at their job to 80%.	Increase the percentage to 85%.	Increase the percentage to 90%.

Performance Measure 4.2b: Turnover rate.

2000/2001 Target	2001/2002 Target	2002/2003 Target
Percentage reduction to be determined by baseline data	Percentage reduction to be determined by baseline data	Percentage reduction to be determined by baseline data

Resource Assumptions: Current resources.

Objective 4.3: Cultivate leaders within HCD.

Action Plan:

1. Develop HCD leadership paths.
2. Develop a housing professional fellowship program.

Performance Measure 4.3a: Number of supervisory, managerial and specialist promotions.

2000/2001 Target Establish baseline	2001/2002 Target Percentage increase to be determined by baseline data	2002/2003 Target Percentage increase to be determined by baseline data
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Performance Measure 4.3b: Number of people that complete HCD's specified leadership path.

2000/2001 Target Divisions identify leadership path(s)	2001/2002 Target Establish baseline	2002/2003 Target Increase to be determined by baseline data
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Resource Assumptions: Current resources.



Goal #5: *Become a model for customer service.*

Objective 5.1: Devise systems, processes and procedures for improving HCD customer service through the solicitation of, and response to, customer feedback.

Action Plan: HCD will identify and incorporate methods of obtaining and responding to internal and external customer feedback via routine business process.

Performance Measure 5.1a: Percentage of Divisions that have systems in place for soliciting and responding to customer feedback.

2000/2001 Target Establish baseline	2001/2002 Target Percentage increase to be determined by baseline data	2002/2003 Target Percentage increase to be determined by baseline data
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Performance Measure 5.1b: Number of focus groups used for developing programs and policies.

2000/2001 Target Establish baseline.	2001/2002 Target To be determined by baseline data	2002/2003 Target To be determined by baseline data
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Resource Assumptions: Existing resources.

Objective 5.2: Expand HCD's outreach efforts to improve public awareness of HCD's programs and services.

Action Plan: Develop and implement marketing and a public information strategy to educate the general public on the services provided by the Department including direct marketing and the use of the Internet, conferences and public appearances.

Performance Measure 5.2a: Number of hits on HCD's Website.

2000/2001 Target 1.5 million	2001/2002 Target 15% increase	2002/2003 Target 15% increase
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Performance Measure 5.2b: Number of co-sponsored conferences or public presentations.

2000/2001 Target 5% increase	2001/2002 Target 10% increase	2002/2003 Target 10% increase
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Resource Assumptions: Additional staff resources required to improve quality and appearance of departmental publications.

Objective 5.3: Expand the direct, on-line Internet access by the public to HCD's services.

Action Plan:

1. Identify and develop the technological infrastructure required to conduct secured internet transactions
2. Identify and develop on-line applications for targeted customers. Specifically, on-line applications for title searches on mobile homes and renewals of manufactured homes and commercial coaches will be implemented in September 2000. On-line escrow openings on mobilehomes will be available in Fall 2000.
3. Seek and gain approval from the Department of Finance for a project which includes on-line processes for applying for housing grants and loans.

Performance Measure 5.3a: Number of interactive on-line functions.

2000/2001 Target Increase by 3 functions	2001/2002 Target To be determined	2002/2003 Target To be determined
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Resource Assumptions: Action plan items (1) and (2) in progress with existing resources. Establishment of additional on-line services, including on-line processes for applying for housing loans and grants will require additional resources. These resources will be sought upon project approval.

APPENDIX



HOUSING NEEDS SUMMARY

As we enter the new century, the majority of Californians look toward the future with optimism and hope. We have good reason to be optimistic; over the next decade, California is expected to lead the nation in job and income growth and the State's current robust economy has brought prosperity and opportunity to millions of residents and their communities. Unfortunately, not all Californians have reason to share this optimism; too many families face a continuing housing availability and affordability crisis.

California faces a continuing structural housing supply shortage, particularly in rental housing, which is driving the State's housing affordability problems. Housing production continues to lag behind demand. Between 1980 and 1990, housing production trailed demand by 660,000 units. While the situation improved somewhat in the early 1990s, between 1995 and 1997, housing production again trailed demand by as much as 145,000 units statewide. Los Angeles leads the nation in the demand for housing, with just one new home built for every six new jobs created—a demand three times higher than any place else in the country.

These chronic supply problems exacerbate the affordability crisis and threaten California's ability to sustain its economic expansion. Between 1969 and 1999, California home prices increased at an average annual rate of 7.5 percent. Prices and rents have increased faster than supply—particularly in constrained coastal markets. As a result, Californians must consistently devote more of their incomes to housing than residents of other states. Among our urban residents, homeownership cost burdens are consistently two to five percentage points higher than for residents of comparable areas outside California.

California's housing supply and affordability crisis most severely impacts families struggling to provide safe, healthy homes for their children to grow and learn. This problem disproportionately impacts lower paid workers in industries and occupations crucial to California's continued economic and social prosperity. For example, many farmworkers, police officers and new teachers are priced out of housing anywhere near their place of employment.

For renter families, the problems are even worse. Renters housing cost burdens continue to increase, with some of the largest increases in the areas where job and population growth is increasing the fastest. For example, in Los Angeles, San Bernardino, and San Jose, almost 70 percent of very low-income households are paying more than 50 percent of their income for housing. In Los Angeles, more than 153,000 households are on waiting lists for Section 8 rent subsidies. In fact, very low-income families in Los Angeles face the longest wait in the country for federal subsidies—120 months, compared to an average wait of 26-28 months in the rest of the nation. Elderly households and families forced to spend more money on housing necessarily spend less money on local goods and services that comprise the fuel for a vibrant economy.

Other continuing serious housing problems include:

- Farmworkers and their families face continuing severe housing problems: California farmworkers have high rates of poverty; they live disproportionately in housing which is in the poorest condition; and they have very high rates of overcrowding. Not surprisingly, farmworkers tend to live in rural areas with the highest proportion of substandard housing and are chronically unable to find adequate housing.
- Substandard housing conditions are increasing: As much as 12 percent of the State's housing stock is in need of repair; with the highest needs concentrated in the rental housing stock. While the rehabilitation need varies by region, between 30-50 percent of the housing stock in Inyo, Modoc, Imperial, Del Norte, and Trinity counties is substandard and Los Angeles, San Francisco, Sutter, San Benito and San Luis Obispo counties and the whole central valley have substandard housing conditions greater than the statewide average.
- Pervasive homelessness: Existing homeless facilities in California are estimated to only serve one in six homeless individuals and only one in five homeless families.
- The potential loss of existing federally subsidized affordable housing continues to threaten too many California families and seniors. About 13,700 units were lost due to prepaid mortgage contracts and/or project-based Section 8 opt-outs between 1996 and 1999. Between 2000 and 2005 the number of units with high and medium risk of being lost to the affordable housing stock is about 27,700.

It is widely acknowledged that California's housing supply and affordability problems could undermine the State's continued economic strength and diminish the quality of life in its communities. The availability of an adequate supply of affordable housing has become as important in the retention and attraction of business and industries in California as the traditional materials, labor, tax structures and market orientations.

Recognizing housing's critical role in maintaining California's strong economy and vibrant communities, the Department proposes in this Strategic Plan to pursue and implement effective strategies and programs to support the Administration's housing policy and budget initiatives.

Housing and Community Development Financing Programs Administered by HCD

- The Multifamily Housing Program. The versatile Multifamily Housing Program provides loans for rehabilitation and new construction of affordable multifamily rental housing, the preservation of existing subsidized housing that may otherwise convert to market rents.
- The Jobs-Housing Balance Improvement Program provides: (1) incentive-based strategy grants to local governments to assist them in attracting new businesses and jobs in communities that lack an adequate employment base in relation to the housing they already provide, (2) incentive grants for capital outlay projects to local government to increase the supply of housing and encourage strategic growth, (3) urban predevelopment loans to local governments or private developers for proposed residential projects located within one-half mile of an existing or planned transit station.
- The CalHome Program provides funds for homeownership programs to assist low- and very low-income households become or remain homeowners. Funds would be allocated in either grants to programs that assist individuals or loans that assist multiunit homeownership projects.
- The Downtown Rebound Program provides financing to revitalize downtowns and neighborhoods, reduce development pressure of agricultural and open space resources and provide working families with options to live close to their jobs. Funding will be offered through the Multifamily Housing Program, an adaptive reuse component and for planning grants to local governments to promote infill housing development, housing near transit and adaptive reuse.
- The Emergency Housing Assistance Program (EHAP) provides grants to counties and nonprofit entities to finance emergency shelters for homeless individuals and families. The funds may be used for rehabilitation, renovation, expansion of existing facilities, site acquisition, equipment purchase, vouchers, and operating costs.
- The Community Development Block Grant Program (CDBG) provides federal grant funds to approximately 180 small cities with populations less than 50,000, and rural counties with populations less than 200,000 that do not automatically receive funding from the U. S. Department of Housing and Urban Development (HUD). CDBG grants can be used for housing rehabilitation, housing-related infrastructure, site acquisition and preparation, economic development, and planning and technical assistance.
- The federal Home Investment Partnerships (HOME) Program provides grants to cities, counties and community housing development organizations that do not receive HOME funds directly from HUD. HOME grants are used for housing construction, rehabilitation, rehabilitation and acquisition, and tenant-based rental assistance.

- The Federal Emergency Shelter Grant Program (FESG) provides grants to local public agencies and nonprofit organizations in small communities that do not receive emergency shelter funds directly from HUD, to provide shelter and transitional housing for homeless individuals and families. FESG grants are used for facility conversion, rehabilitation, maintenance, operating costs, rent, and supporting services such as transportation, legal aid, and counseling for the homeless.
- The Interregional Partnership State Pilot Project provides grants to interregional consortia of two or more councils of governments or two or more subregions with a multicounty council of governments, to identify, test, and evaluate a variety of policies and incentives to mitigate current and future imbalances of jobs and housing. Grants are to be used for advancing development of implementation plans and models, including geographic mapping and promoting jobs in areas high in housing.
- The Code Enforcement Program provides grants for cities and counties to expand staff for building code enforcement efforts and also provides grants to local jurisdictions for a Community Code Enforcement Pilot Program in up to four jurisdictions, which uses a multi-disciplinary approach to code enforcement.
- The Housing Assistance Program (HAP) provides federal Section 8 rent assistance grants to very low-income households in twelve rural counties that do not have housing authorities. The department contracts with local sponsoring agencies, to which households and individuals apply for rental assistance.
- The Farmworker Housing Grant Program (FWHG) provides grants to local public agencies, nonprofit corporations, and federally-recognized Indian tribes to provide housing for agricultural workers. The grants are used for rehabilitation or new construction of owner-occupied housing, and construction and rehabilitation of rental units.
- The Office of Migrant Services (OMS) makes grants to local public agencies to maintain and operate 26 seasonal housing centers for migrant farmworkers.
- The Mobilehome Park Resident Ownership Program (MPROP) provides loans to mobilehome park resident organizations, local public agencies and nonprofit entities to acquire mobilehome parks and preserve them as affordable housing. MPROP loans help borrower organizations to purchase their parks, and help low-income residents purchase their park spaces or shares in the resident corporation.
- The Predevelopment Loan Program—Rural (PDLP-R) provides short-term loans for the startup costs of low-income housing projects, including site control, engineering studies, architectural plans, application fees, legal services, permits, bonding and site preparation.
- The Housing Preservation Program combines predevelopment loans with a program of technical assistance to assist in the preservation of existing affordable rental projects.

- The Self-Help Housing Program (SHHP) provides grants to local public agencies and nonprofit organizations that provide advice and technical assistance to help low- and moderate-income owner-builders build and rehabilitate their homes with their own labor.
- The Child Care Facilities Finance Program (CCFFP) guarantees private sector loans to private entities and local public agencies for the purchase, development, construction, expansion, or improvement of licensed child care and development facilities. CCFFP also provides direct loans to purchase, develop, construct, expand or improve a licensed child care facility or child development facility.



HCD STRATEGIC PLANNING PROCESS

The Department of Housing and Community Development (HCD) developed its first Strategic Plan in 1992. In 1994, the State Government Strategic Planning and Performance Review Act (Chapter 779, Statutes of 1994) required the Department of Finance (DOF) to annually survey agencies to obtain specified information concerning strategic plans and to recommend which agencies should develop or update a strategic plan. It also requires the DOF to develop a plan for conducting performance reviews of state agencies that have completed strategic plans. In 1996, as part of its Chapter 779 report, the DOF recommended that all agencies have a strategic plan. Subsequently, Management Memo 96-23 was issued mandating all state agencies to have a strategic plan.

What is a Strategic Plan. A strategic plan is a practical action-oriented guide, based on an examination of internal and external factors, which directs goal-setting and resource allocation to achieve meaningful results over time.

HCD's policy is to annually update its strategic plan and submit the revised plan through the Business, Transportation and Housing Agency (BT&H Agency) for the Governor's approval.

Following are the steps and timetable used to complete the Department's Strategic Plan.

Work Unit Planning

1. During January-February, work units within each Division will meet to:
 - Determine where the work units are today and if their missions are the same:
 - ◆ Identify/verify all key processes and their outcomes
 - ◆ Identify/verify current customers and their requirements
 - ◆ Identify/verify performance measures
 - ◆ Verify that performance measures are tied to our mission
 - ◆ Verify that performance measures focus on the value we add through our processes
 - Determine, through customer surveys or other appropriate measure, if the work units accomplished their goals; whether their customers were satisfied with the service; that the right things were measured; that the units worked to improve the right things and whether/how they improve.
 - Develop a Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis to determine changes to the work units and their environment: what is going on with industry, resources, the economy, etc. that will impact the work units and what are the major trends at the Federal level to determine what the work units do well and not so well in order to develop their core competencies.
 - Describe where the work units want to go from here by updating their old strategic plans using information collected in the prior three steps: what are the work units' goals and objectives; what tasks can be reasonably accomplished in the upcoming fiscal year; and what resources will the work units need to perform these tasks. Multi-year, longer-term goals are encouraged as well.

Division Level Planning

2. During March, Division Steering Committees, made up of division senior management staff, will meet to:
 - Perform an assessment to determine where the Division is today and if its mission is the same:
 - ◆ Identify/verify all key processes and their outcomes
 - ◆ Identify/verify performance measures
 - ◆ Verify that performance measures are tied to our mission
 - ◆ Verify that performance measures focus on the value we add through our processes
 - Determine whether, through work unit input and past performance, each Division accomplished its goals; that Division customers were satisfied with the service; that the right things were measured; that the Division worked to improve the right things and if the Division can do better.
 - Develop a Divisional level Strengths/Weaknesses and Opportunities/Threats (SWOT) Analysis to determine changes to the Division and its environment: what is going on with industry, resources, the economy, etc. that will impact the Division, what are the major trends at the Federal level to determine what Divisions do well and not so well in order to review and develop their core competencies.
 - Consider Director's/Governor's policy directives, as appropriate.
 - Describe where each Division wants to go from here by updating their old plan using the information collected in the above steps: what are the Division's goals and objectives; what tasks can be reasonably accomplished in the upcoming fiscal year; and what resources will the Division need to perform the upcoming fiscal years tasks. Multi-year, longer-term goals and objectives are encouraged.
 - Division makes presentation on their plans to the Executive Steering Committee and all staff (end of March). Conforming revisions may be required when the Department level plan is completed (see Step 5 below).

Department Level Planning

3. During early April through mid-May, the Executive Steering Committee (Strategic Planning Team) will meet. This strategic planning team consists of the Executive staff together with senior managers from each of the Department's divisions and the Department's Equal Employment Opportunity Officer. The Committee will:
 - Review the Department's past performance and assess the Division Steering Committees' information
 - Develop a departmentwide SWOT Analysis and identify strategic issues to be addressed
 - Consider Director's/Governor's policy directives, as appropriate
 - Set the Department's goals, objectives, tasks and prioritize resource requests
4. During mid-May to June 1, the Executive Steering Committee will finalize the Department's Updated Strategic Plan.
5. During the month of June, Division Steering Committees will review the Department's Updated Strategic Plan together with their Division Strategic Plans, make any appropriate revisions or additions to ensure alignment and finalize the Division Strategic Plans. Managers, supervisors and staff incorporate new department level tasks into workplans.

6. By June 1, HCD's Strategic Plan is forwarded to the Business, Transportation and Housing Agency for review and approval.
7. By July 1, the Department's completed Strategic Plan is sent to the Governor's Office for approval. After the Governor's approval, two copies of HCD's Strategic Plan will be forwarded by the Business, Transportation and Housing Agency to the Office of State Audits and Evaluations of the Department of Finance.
8. By August 1, copies of the approved plan are distributed throughout the Department. The Executive Steering Committee evaluates the Department's Strategic Plan process and makes process improvements, if needed.
9. On a quarterly basis, the Division Steering Committees will track progress toward the Department Plan and send the report on status/accomplishments to the Executive Steering Committee. A Quarterly Accomplishments Report on the status of "big ticket" items will be distributed to all HCD employees.

